

What Next in Europe?

"France, Beset With Fear, Still Has Before Her a Gigantic Task, and the Future Is Still in Doubt"

This is the third of a series of ten articles written by Mr. Vanderlip, a prominent American financier, on conditions in Europe as he observed them during a four months' trip through various countries.

The fourth describing conditions in Russia and the Near East will appear in The Tribune to-morrow.

By Frank A. Vanderlip

France at peace is a curious contrast to France at war. On the battlefield she presented a stubborn resistance against what seemed to be overwhelming forces, a gallant courage in the face of any odds, that won for her the ringing applause of the whole world.

Contrasted with that indomitable courage in war is a state of chattering terror in peace. She seems so beset with fear of the future that her mental processes do not register logically.

Demanding from Germany an impossible indemnity, she seeks by other means to entangle her to such an extent that payment becomes doubly impossible. Instead of getting much, the Allies are likely to get comparatively little, unless they alter the terms of the indemnity.

With a magnificent steadfastness that saved the world France held up her hand at Verdun and in the great height of spiritual dedication she said, "They shall not pass." Now in peace, with kindness that is amazing, France says apparently with equal determination, "They shall pay," and then takes measures which make full payment impossible.

Germany Ought to Settle To Last Mark for Damage

They ought to pay. They ought to pay to the last mark that is possible in reparation of the awful damage done. I went over the whole battlefield soon after the armistice, and the blazing indignation that the wanton destruction aroused in my mind makes it comparatively easy for me to understand some of the illogical reasoning of the French mind.

No matter how much one may admire France, however—and one of the dearest possessions I have is the bit of red ribbon of the Legion of Honor, which I was proud to have in my buttonhole during every German interview—one cannot remain blind to the harm that France is doing herself, all Europe and the world.

I know it is quite possible to explain the French state of mind. They have genuine cause for deep apprehension in regard to the future. Germany has nearly doubled the population of France. If she were permitted a rapid economic rehabilitation, supplied as she is with vast industrial plants which were improved rather than injured by the war, it is quite within the range of possibility that she will some day attack France under circumstances where France may have to fight the battle alone. The probabilities of the result of such a conflict are not reassuring to the French people.

There is no security to France in the fact that Germany is war sick. The German people are the most obedient and easily led of all Europeans. They might fight again if ordered to do so.

If a board of expert accountants were to undertake an examination of the financial position of the French government they would have a difficult task to come to an agreement as to her actual status. Some of the results of such an examination could be predicted with certainty. The first one would be that figures, as well as words, may sometimes be used for the purposes of concealment. There is a great variety of opinions among experts in regard to the financial status of the French government, and quite as great a variety of statistical bal-

ances could be drawn from the official figures of French government finances. France's Debt Has Grown Rapidly Since Armistice

There is now a domestic debt of 230,000,000,000 francs and a foreign debt of 35,286,000,000 francs, which ought rightly to be multiplied by translating it into terms of foreign exchange, in which it must be paid.

The growth in the French debt since the armistice has been enormous, in spite of the fact that budget statements have approximately seemed to balance.

The total debt of France in the nine months comprised between January 31 and September 30, 1921, increased from 230,535,000,000 to 272,842,000,000 francs. There are other items that would, in an accurate analysis, be added to this.

The growth of the debt has been so rapid that it has been found quite impossible to fund it into long-dated obligations. The Treasury has outstanding short-term obligations of more than 60,000,000,000 francs. Most of them mature in not over six months and none at a later date than one year. This amount alone is twice the total debt of France at the outbreak of the war. It may be recalled that France's pre-war debt was one of the largest, per capita, in the world, and was so pressing that the principal preoccupation of the Treasury was to find some method of funding the rapidly accumulating floating debt.

An accountant's examination, made without knowledge of the internal situation in France, would make the situation appear as hopelessly critical. The single item of a floating debt of 65,000,000,000 francs would seem to present a most critical situation, in which the least jar to public confidence would make it impossible for the government to continue. Month by month it must be renewed and investors must be constantly found who are ready to take new securities to replace those that have matured.

The honor of France is engaged to pay over the next three years 60,000,000,000 francs more for reparations. On the surface the outlook appears quite hopeless. Nevertheless, in reality, it is not hopeless.

National Thrift Gives Lesson to the World

The French investing public is unique. Ingrained in the nature of the French people is the characteristic of thrift. Probably in no other country in the world could a finance minister feel the slightest assurance that he could maintain a floating debt of 65,000,000,000 francs and in addition keep on constantly adding other billions. Conservative, sober-minded bankers in France believe, however, that it can be done.

They believe that since nearly all of this 65,000,000,000 francs is held by investors the renewal of the obligations which mature month by month can be counted upon by the government with certainty.

Practically everybody in France is an investor. The French are not prepared to take long term government obligations at the present time, but they automatically renew these maturing short-term treasury loans and so keep the market clear of any unabsorbed supply. The public shows such complete ability to purchase these renewals that it is not improbable that it will absorb the heavy future obligations which the government will undoubtedly have to incur.

No one can say how long this will go on, nor predict the time when floating obligations can be funded and the government feel some security in re-

gard to its financial position. Its financial outlook is bound up in the prospects of indemnity payments. But even if these indemnity payments are not made in accordance with the terms which have been agreed on, it is possible that the financial structure can be still kept upright.

The work that has been accomplished in the reconstruction of the devastated districts has been little short of marvelous. France is at work. The total of idle workmen receiving government aid in the fall of 1921 was only 35,000. Contrast this with England, where 1,000,000 industrial workmen are receiving unemployment doles.

Integrity of Boundaries Offers Alarming Problem

France manages to keep an almost perfect balance in the franc value of her total imports and exports. If she can provide enough food the situation need not become absolutely desperate, whatever financial difficulties may develop. With yields such as were produced last year it is obvious that she can feed herself, and that is an exceedingly important element in estimating her future.

France, however, has one problem for which nothing approximating a permanent solution has yet been found. How can the integrity of her boundaries be permanently guaranteed?

So far as Germany is concerned, France had two aims that were not compatible. She hoped to crush Germany so that she would be safe for generations from a rehabilitation of German military and economic power. At the same time she wished to impose upon Germany a war indemnity which would approximate France's material loss during the war. She has stubbornly attempted to gain both of these aims, although success in gaining either necessarily means that there is small chance of accomplishing both.

If Germany were so crushed as to be unable to pay reparations, a safe neighbor who could not possibly pose an indemnity which would meet France's view of what she ought to have. If rehabilitation in Germany is permitted, to an extent that would enable her to make the reparation payments to France, Germany would become so industrially predominant that she might become more dangerous than she ever has been before.

For France, if Germany is not crushed, there remains the possibility of substituting an alliance which would promise safety even with a chastened Germany. A necessary part of such a program is to win the United States to its support, and France is beginning to understand how difficult is such a project.

In almost every country in Europe to-day France is charged with being imperialistic. Her ambitions in the Near East have played no small part in creating the present unhappy situation here. She has vigorously tried to make a strong buffer state of Poland, which would preclude any sort of attack by Germany, and Russia. She has maintained an army in the occupied districts of Germany which her associates believe to be unwarrantably large, and she is keeping up the largest military establishment in the world.

French Antagonism Toward British Now on Increase

In France any criticism of her attitude as an imperialist is bitterly resented. Her argument that it has been necessary for her to maintain so large an army rests against a background that seems to her convincing.

With every month since the treaty of peace were signed further points of friction have risen between France and England. Many people told me on the part of the French people generally there is less antagonism toward Germany than toward Great Britain, and I am inclined to believe it is approximately true.

The fact is clearly emerging that the interests of France and of Great Britain are not parallel. England would like to see Germany restored to her economic strength before the war, for she is her most important continental customer. In France it is declared that Great Britain holds aloof from the European situation and continues to play her century-old political game of maintaining a balance of power.

France and England clash in regard to Poland. They are for the moment in sharp controversy over the

Surrogate's Jury To Get Eno Will Contest To-day

Counsel for Both Sides Sum Up in \$13,000,000 Case; Alienists' Testimony Is Attacked in Shearn's Talk

The long drawn out trial of the contest over the will of Amos E. Eno, which disposes of about \$13,000,000, with \$5,000,000 or \$6,000,000 of this amount to Columbia University as re-

siduary legate, will end to-day when the jury, to whom Surrogate Foley will submit the case this morning, will deliberate on a verdict.

Max D. Steuer, chief counsel for the contestants, relatives of the testator and Clarence J. Shearn, chief counsel for the executors who seek to have the will admitted to probate, summed up yesterday.

Mr. Steuer recalled a remark by Mr. Shearn made in the opening of the trial that the executors were fighting in the interest of the City of New York in seeking to have the will admitted because it gave large bequests to several of the city's institutions. Mr. Steuer said the battle was one between Colum-

bia University, the largest beneficiary, and the heirs of Mr. Eno.

Mr. Shearn, in summing up, insisted that Mr. Eno was mentally sound up to the time of his death, in the summer of 1915. He said the relatives of the testator were not sincere in contesting the will and that they did so because the document left such large sums to public institutions. He asked the jury if they would deprive other worthy institutions of these bequests because Mr. Eno was opposed to colleges and did not like Dr. Nicholas Murray Butler, president of Columbia University. As to the alienists who testified that Mr. Eno was insane, Mr. Shearn said he would not hang a dog on their testimony.

Referring to Clifford Pinchot, a nephew of Mr. Eno and one of the contestants, the attorney said: "How much do you think that delicately constituted man who on the witness stand described what his mamma thought of his Presidential possibilities, could have earned if he had been turned loose?"

Mr. Shearn said the contest was a fight of the people of this city against the money grasping relatives of Eno.



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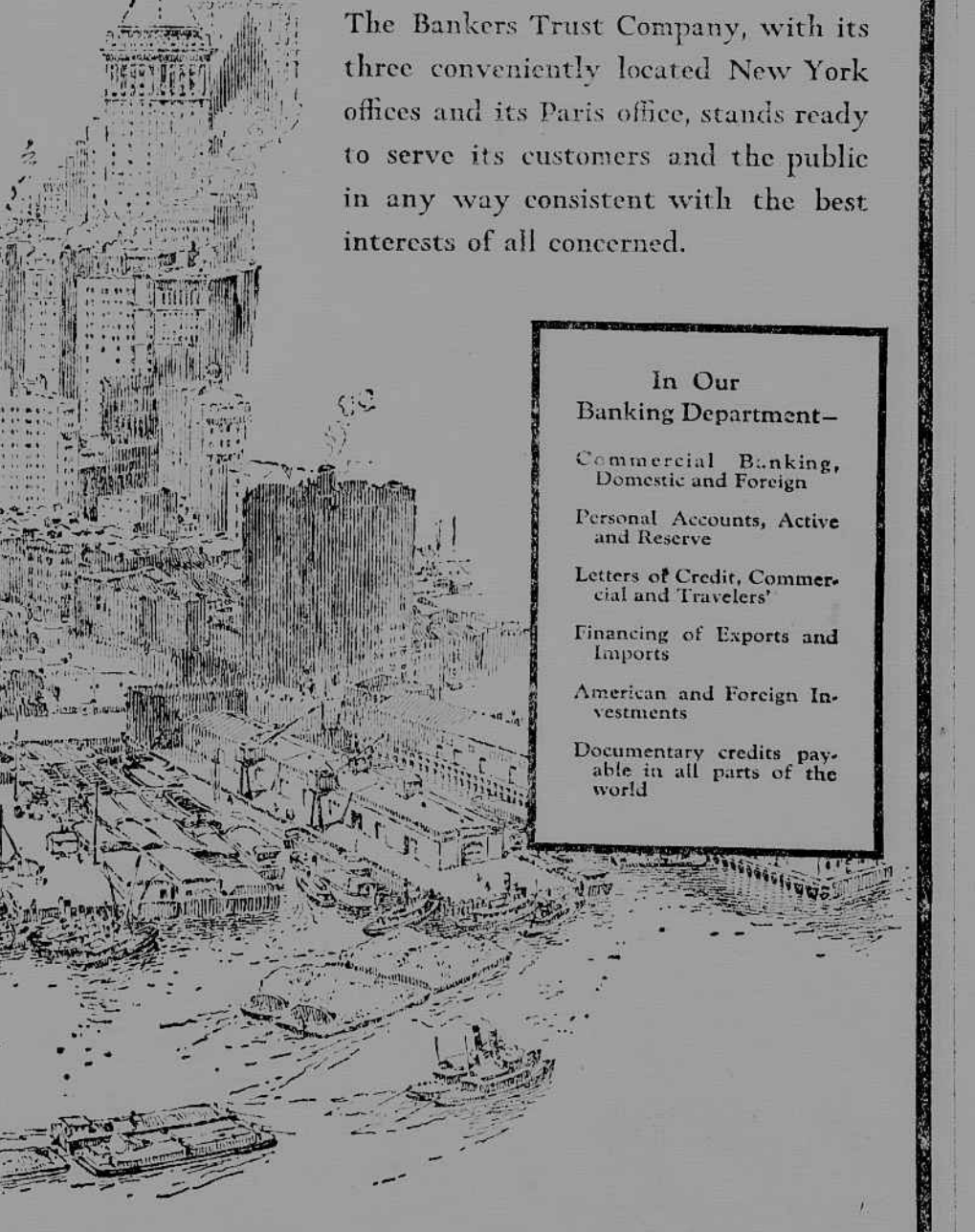
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